

New Housing Market

Price gains in Calgary's new home market are far outpacing what is being seen across the rest of the country.

Statistics Canada reported that the New Housing Price Index rose by 6.8 per cent on an annual basis and by 0.5 per cent on a monthly basis in the Calgary census metropolitan area. Both represented the biggest growth rates in Canada.

Builders reported that land development costs, as well as strong market conditions and increased demand, were the main reasons for the price gain. Supply and demand has been a major factor in driving prices up in the industry as the city continues to have a buoyant economy supported by strong net migration gains over the past year.

Across Canada, the NHPI rose by 0.3 per cent month-over-month and by 1.5 per cent year-over-year.

While both the land and house components (in the Calgary area) recorded year-over-year gains in August and September, it was more pronounced for the house component. Housing demand in Calgary has been strong, supported by economic factors such as job creation and the heightened levels of net migration in recent years. This, along with input cost pressures from the material and labour components, resulted in a stronger gain for the house component.

To put Calgary's annual gain in perspective, the next highest year-over-year growth was Hamilton at 3.0 per cent.

Reflecting the near record housing demand trend of resale market in Calgary, the city's (New Housing Price Index) is leading the country as demand outstrips supply, labour costs begin to escalate thus making homes more pricey and a limited number of available and serviced lots are limiting the number of new units available. This trend is not slated to slow down until we witness either a freeing of a large number of serviced lots or the in-migration begins to slow down substantially and for a long period.

The surge in housing starts is in response to strong demand, much of it driven by in-migration to the province. It is also consistent with the strong demand for existing housing, which is reflected by the sales and prices of homes on the market over the past year.

For now, Alberta's economy is creating enough new jobs — and keeping wages high enough — to sustain this pace of home construction. There is little to suggest that builders are creating a real estate bubble by putting too many homes onto the market.

If you have any questions or would like a pre approvals please feel free to call or email. Also, if you know people looking, please ask me about my referral program.